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RUEHUL/AMEMBASSY SEOUL 5099
RUEHNE/AMEMBASSY NEW DELHI 2401
RUEHKO/AMEMBASSY TOKYO 2697
RUEHBJ/AMEMBASSY BEIJING 5589
RUEHK/AMEMBASSY DHAKA 1409
RUEHLM/AMEMBASSY COLOMBO 1435
RUEHPB/AMEMBASSY PORT MORESBY 4083
RUEHWL/AMEMBASSY WELLINGTON 3238
RUEHBAD/AMCONSUL PERTH 1255
RUEHHK/AMCONSUL HONG KONG 3081
RHHJJPI/USPACOM HONOLULU HI
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RHEFDIA/DIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 002065

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, EAP/RSP
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SUBJECT: INDONESIAN PARLIAMENT CREATES NEW REGIONS

REF: A. JAKARTA 1237
B. JAKARTA 333
C. JAKARTA 521

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Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

¶1. (C) SUMMARY: Indonesia continues to implement a fast-paced program of decentralization through the creation of new regions (local entities below the provincial level). On October 29, the Indonesian Parliament approved the establishment of 12 new regions. Many similar proposals are waiting in the wings, including some that propose to add to the number of provinces (there are 33 at this time).

¶2. (C) SUMMARY (Con'd): Via increased regionalization, Parliament hopes to enhance democracy, improve economic growth, and create more responsive politics. Many ethnic and local interest groups support regionalization because they believe it enhances their political power. That said, regionalization can also be socially divisive in places such as Papua where some see it as part of a "divide and rule" strategy by Jakarta. END SUMMARY.

FORMING NEW REGIONS

¶3. (SBU) Indonesia continues to implement a fast-paced program of decentralization through the creation or amalgamation of new regions (a policy known as "regionalization"). On October 29, the Indonesian Parliament (DPR) approved the establishment of 12 of 17 proposed new regions. These included: the formation of two new cities: South Tangerang in Banten Province near Jakarta and Gunungsitoli in Northern Sumatra. The bill also established ten new regencies (districts) in Papua, Lampung, North Sumatra, North Maluku, and East Nusa Tenggara provinces. The major push for formation of the new regions came from Parliament; the Ministry of Home Affairs was not in favor but basically has acceded (see more below).

¶4. (U) The DPR did not approve five other proposals for the creation of new areas in Riau, North Sumatra and Papua. This

new expansion results in a total of 349 regencies and 91 cities in Indonesia. Over 100 more proposals are waiting in the wings, including some that would create additional provinces (there are currently 31 provinces plus two special districts, Jakarta and Yogyakarta, which function as provinces in all but name).

SOME GOOD REASONS FOR REGIONALIZATION

¶5. (C) Parliamentarians and other observers hope that the creation of the new regions will enhance democracy, improve economic growth, and create a more responsive politics. Ideally it would result in citizens funding through local taxes the programs they demand from local government and holding localities responsible for constituent services. Many parliamentarians see the creation of new regions as steps which are in the spirit of the decentralization laws passed in the years right after the fall of the Suharto regime in 1998.

¶6. (C) Regionalization may also help certain ethnic groups maintain a sense of geographic and social unity. This is an important consideration in Indonesia which is very diverse in terms of ethno-linguistic groupings. Poloff attended the plenary session debating the creation of these new regions and observed throngs of locals in regional costumes crowding the DPR balcony and cheering for the creation of their new regions.

THERE ARE CRITICS

¶7. (C) Regionalization has its critics. Some observers argue that the regions are formed purely on the basis of

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lobbying by "vested" interest groups. Alvin Lie, a Member of Parliament, asserted to Pol/C on November 6 that many of the regions just set up were not necessary -- "These new regions were simply created to please certain groups, some of which use money politics to get their point across." Lie quickly added that he did not oppose regionalization totally, but just felt "it had gone too far and someone should put a brake to it." The Ministry of Home Affairs is basically on the same wavelength--it does not support the creation of new regions, in general. Given the push from Parliament, however, it basically has gone along with the proposals.

¶8. (C) In addition, there is the flip side to supporting regionalization based on ethnic-related reasons. Observers note, for example, that the policy can actually help exacerbate social and political divides. In cases such as that of Papua, where anti-Jakarta sentiments already loom large, the move to create more regions disturbs many Papuans.

Re the regions that were just created in Papua, the influential Indonesian Christian Communication Forum held a rally demanding that the Papua governor explain the rationale for the steps. Many in Papua and some other areas of the country see a "Jakarta divide and rule strategy" behind the moves.

HUME